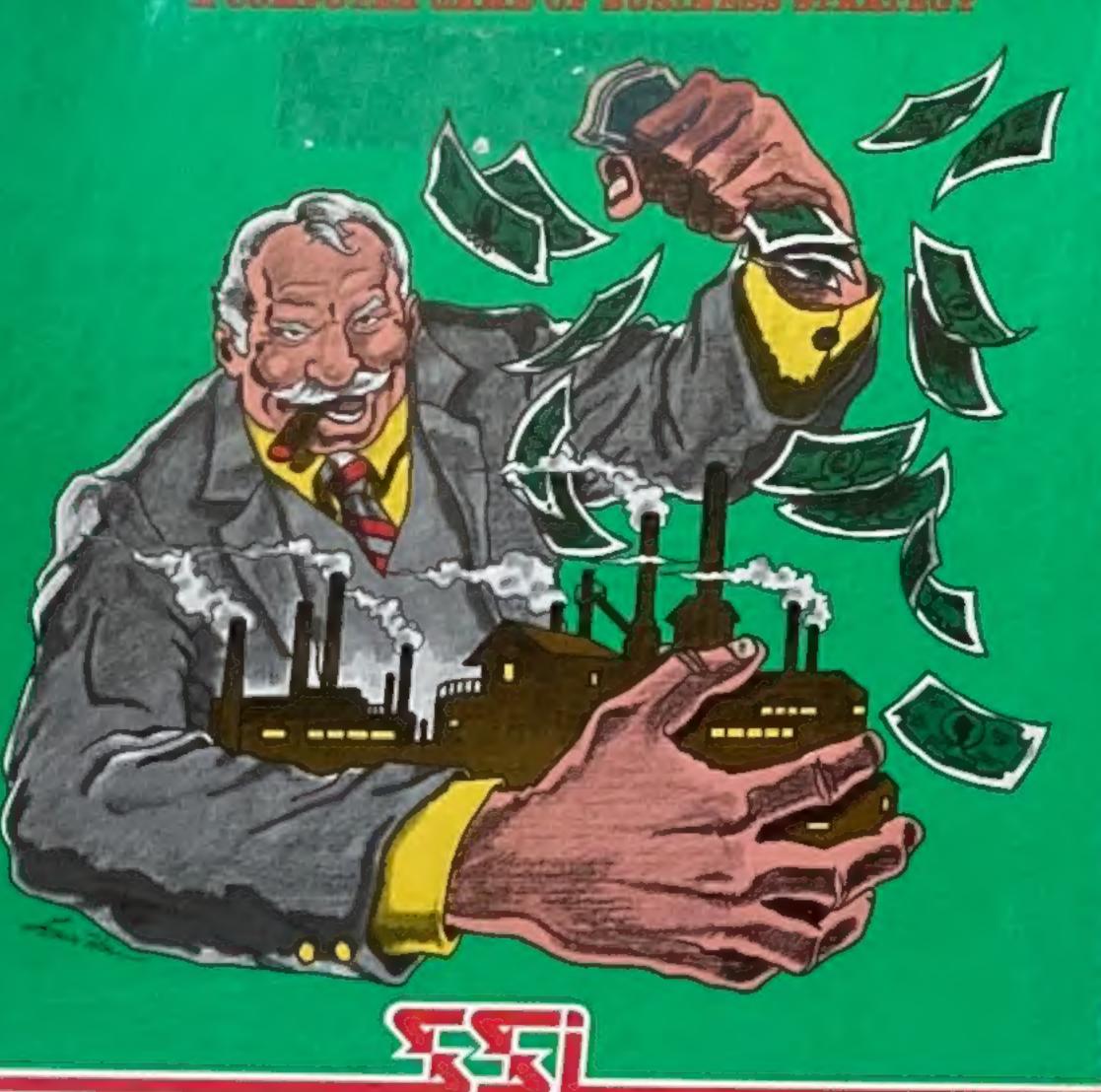


IN COMPLETE CAME OF BUSINESS STRATEGY



STRATEGIC SIMULATIONS INC.

# CUTTHROATS... SHORT RULES

#### INTRODUCTION

This game is a simulation of the business would Each player runt a manufacturing company that burs raw material produces finished goods and sells those finished goods in a competitive souther. The object of the game is to earn the most total income. (Shown cumulatively as an increase in "equity" which is your ownership in the company). Each turn is a quarter of a year. The general play anguence in review has period's performance, make plans for this quarter implement the plans jenter them into the computer) and then review performance again. Sales (and incomes) are based on how good your plans are in terms of the economy and your competitors. The quality of your plans is in turn influenced by how effectively you use the information you are given in your

#### THE SET-UP

After booting the diskette a number of preliminary questions will be asked about the type of game you want and who is going to play. (Consult the game marcual if you have any tripuble answering. these questions) The most important part of this set-up is the scenario for the business environment. This will define the hind of new material you use, the type of product you produce, and the economic outlook for the nest 5 years. There are four types of raw material that vary primarily in the way their prices fluctuate. More crucial to the game is the type of product which can be produced a heauty, a necessity or a mixed good (halfway between heauty and necessity). The economic outlook includes predictions about inflation, growth of the economy and possible changes (up-turn or down-turn) in that economy. Be sure to make a note of all these conditions before souwering "Y" to "Is this acceptable?"

#### SUMMARY NEWS WIRE

At this point in each turn, information is given about the economy and your industry (made up of all the companies in the game). Four economic indicators are normally shown throughout this game. They are:

GNF - Gross National Product, which indicates the total dollar growth in the economy (including inflation)

CFI - Consumer Price Index, which shows the level of inflation. FFI - Purchasing Fower Index, an indicator created specifically for for this game, giving an indication of the "real" growth in the economy (and the potential market for your products), exclud-

Prime (Rate) - the base interest rate on loans taken out during

Besides updating the economic climate, the news wire gives information on topics of interest to your industry Kaw material supplies and prices, government actions, bankruptcy filings, and the results of last quarter's decisions in terms of sales are all presented.

log inflation.

#### COMPANY REPORTS

termediately sites the news wire players indendually their their perfectnessor reports files. These these consists of five sundand reports assumentation from her officers in your company (as posted) and occasional letters from named the exspension. You can page through the material in your file nating any seems marked to preparing your plans for the current quarter. If you work last your decisiversess will be revended by slightly increased taken. The five standard reports are the Proof seed Loss Statement, the Balance Sheet (with Ratio and Equity Analyses), the Sales Report the Production Report and the Market Sommary Each of these reports gives a different view of the performance of your company. Together they offer a wealth of information that can be overwhelming (especially in your first game). Plowever the impartment point to currender is that all the information is offered simply to all you in making your plane Bancally, all you need from the reports in whether or not you are making a profit and how to press your plane from last quarter to impreve your perturnance this quarter.

Although you should read any moreon from your sight that are in the file pay peracular etention to the one from your Finance Director. This is the first memorar-from after the reports and it informs you of your total funds available. If you spend more than that amount, you will be destared bankrupt.

#### 1 2 W V. 1 . 1 . (C)

As president of your corporation your yob is to make decisions. The items you enter on the planning sheet represent those decisions. They are as follows:

Raw Material (RM) Purchase: Here you specify the number of raw material units to be bought at the "going price" Listers scale unexpected circumstance arises (like a transport strike) you should receive the material in time for this quarter's production. Production: You specify in this tree how many raw material (RM) units to turn into finished goods (FC) units on a one-for-one basis. You may produce up to twice your normal capacity (of 10 units per factory) by paying "time and a half" for all extra-

prote used (automation reduces the labor arids required) Finished Goods (PG) Price: Select the price at which you will self the company's product. The total limished goods available for mie are made up of all units carried over from less period, plus the units produced this period. The importance of price to takes depends on the product type (Low price is more important for a necessity than a luxury in determining your individual sales.)

production. Costs here depend on the labor rate and the labor

Advertising and Marketing: Here you decide been much money to investments range from \$100 to \$1000 or from 1% to 10% of gross revenues. Such investments carry over alightly from quarter to quarter (Advertising has more impact for favorier than for necessition)

### BUSINESS PLANNING SHEET Cartels & Cutthroats President PLANS RM Purchase Production FG Price Adv. & Mark. 10000 Loans Factories Special Memos RESULTS Demand # Sold Income Impact of Chance GAME STARTING COMDITIONS Boomemia Dutlock





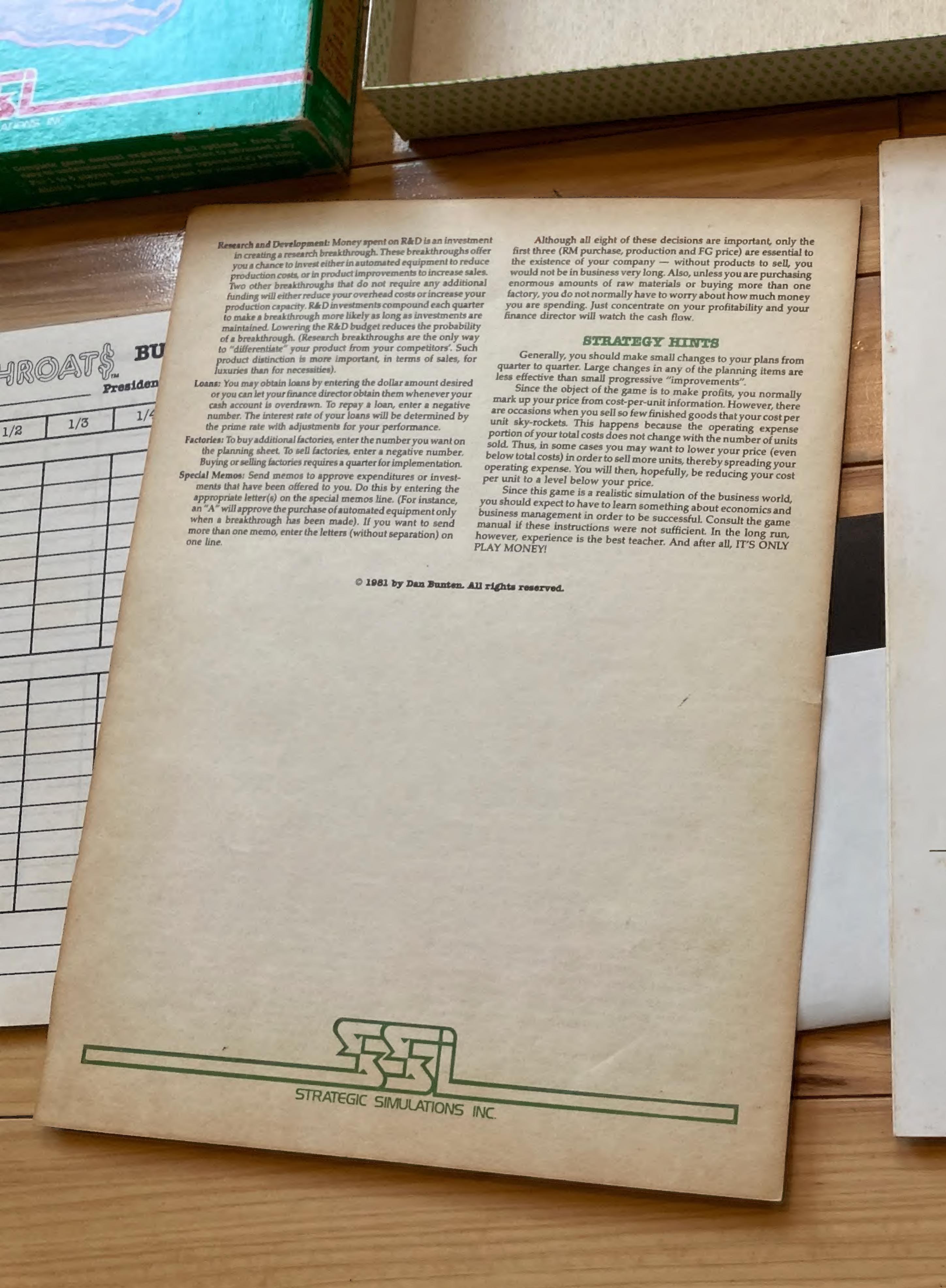


GAME MANUAL



STRATEGIC SIMULATIONS INC





## STARTING COSTS\*

Storage cost/unit/quarter	acity 10) 40 1 80
Warehouse cost/quarter (cap Storage cost/unit/quarter	acity 10)
General overhead/quarter Production overhead/factory Overhead cost of hiring 1 wo	quarter 1 rker 5
Purchase price	200
Production:  Labor rate up to normal cap	pacity

# Prod. Cost = U x W x (1-A) x R x 500 + RM cost

Where:

U = number of units produced

W = workers/unit

A = percent automated/100

R = average labor rate

\* \*Divided by 1000 since "000" is omitted from all total costs

Average production cost/unit:

ve	rage production cost/unit:	200.0
	rage production cost/unit: At normal capacity	225.0
	A CONTRACTOR OF THE PROPERTY O	
	At 1.5 times normal capacity	201.0

<sup>\*</sup> The above costs are only accurate for the first period of the game. After that inflation, economic changes, etc. revise the vallues.

### IMPORTANCE TO CONSUMERS IN SELECTING A PRODUCT

Percentages by Product Type

6	Necessity	Mixed	Luxury
Price	80	60	40
Advertising	10	20	30
Product	5	10	15
History	5	10	15







